(b) if so, the total number thereof and the total estimated loss of capital investment therein;

(c) whether it is also a fact that appointment of the professionals associated with the respective professions in these institutes as administrators in place of bureaucrats is more beneficial;

(d) if so, what is Government's reaction thereto; and

(e) whether Government would decide to implement the above suggestion accepting the same as policy matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Eight scheduled commercial banks (4 private banks and 4 foreign banks) reported net losses aggregating to Rs. 235.68 crore during the year 2005-06. As on 31.03.2006, 40 Regional Rural Banks (RRBs) were having a negative net worth amounting to Rs. 1718.42 crore at the end of December, 2006 and 7 State Co-operative Banks (SCBs) and 131 District Central Co-operative Bank (DCCBs) have not been complying with the minimum capital requirement of Rs. one lac as prescribed under Section 11(1) of the Banking Regulation Act, 1949 (AACS). As regard Urban Co-operative Banks (UCBs) in the year 2006, 716 UCB are categorized as sound banking institutions having no supervisory concerns, 460 UCBs are categorized as Grade II, 407 UCBs as Grade III and 270 UCB as Grade IV. Banks in Grades—III and IV broadly correspond to weak and sick category UCBs.

(c) to (e) The Task Force on Revival of Rural Co-Operative Credit Institutions headed by Prof. A. Vaidyanathan, as also Task Force for Urban Co-Operative Banks have recommended that professionally qualified persons are appointed as Chief Executive Officers (CEOs) of Co-operative Banks. Government has accepted recommendations of both these Task Forces.

Different rates of interest charged by banks

†2307. DR. MURLI MANOHAR JOSHI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of FINANCE be pleased to state:

†Original notice of the question was received in Hindi.

(a) whether it is a fact that the rates of interest on the loans to be disbursed by the banks differ in the country;

(b) if so, the details of these rates; and

(c) the percentage of total loans which was disbursed at each of the above said rates during the year 2005-06 and the first half of the year 2006-07?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. As reported by the Reserve Bank of India (RBI), the rates of interest charged by the banks differ from bank to bank.

RBI has deregulated the interest rates on advances above Rs. 2 lakh with effect from October 18, 1994. Interest rates are determined by the banks themselves with the approval of their Board of Directors subject to Benchmark Prime Lending Rate (BPLR) and Spread guidelines. In order to enhance transparency in pricing of their loan products, banks have been advised by the RBI to fix their BPLR after taking into account (i) actual cost of funds, (ii) operating expenses and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin and ensure that the BPLR truly reflects the actual cost Individual banks, therefore, determine interest rates to be charged from a particular borrower subject to their BPLR and spread guidelines. however, loans up to Rs. 2 lakh carry the prescription of not exceeding the BPLR.

The range of actual lending rates on demand and term loans above Rs. 2 lakh for public sector banks, private banks and foreign banks stood at 4.00-16.50% 3.15-24.00% and 4.50-26.50%, respectively in December, 2006.

(c) The information is being collected and will be laid on the Table of the House.

Fringe Benefit Tax Collection

2308. SHRI SANTOSH BAGRODIA:
SHRI MAHMOOD A. MADANI:

Will the Minister of FINANCE be pleased to state: